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Loan Proposals

(Excerpt From The U.S. Small Business Administration, Office of Women's Business Ownership, Online Women's Business Center):

Generally, the loan proposal is comprised of the following elements:

- 1. Summary: Comes first; written last. This should be clear, concise, accurate and inviting. You want to summarize how the proposed loan will be used, how it will be repaid and how it will benefit your 7. business.
- Top management profiles: The key issue here is who are you? Be prepared to come under close scrutiny. You will need résumés as well as a summary of experience, qualifications and credentials for all owners and key members of your management team.
- Business description: You don't need to repeat all of the information contained in your business plan, but you do need to present a solid description of your business. Include a brief overview of the history of your business, plus a summary of current activities. Make sure you clearly demonstrate that you understand your markets and industry (current trends and risks). Include literature showing your products or services. It is also helpful to include letters from suppliers, customers and other business references.
- Projections: Include projected income statements and cash flow statements for two to three years. Your assumptions should be clearly stated and realistic.
- 5. Financial Statements: The loan package must include both business and personal financial statements. Make sure that you fully understand the "story" that your financial statements tell. Have you analyzed your historical ratios? Be assured that your banker will fully analyze your

historical financial statements and calculate all the ratios.

- 6. Purpose of the loan: Present a detailed statement of how you will use the loan proceeds. Make sure that you have a good understanding of the type of loan that you need. Don't forget to include the proceeds of the loan in your cash flow projections (and the interest in your projected income statement).
- 7. Amount: Remember that you are offering the bank a deal that will make them money -- you are not asking for an "allowance." The attitude you should take is to ask, "how much money do you need, and how much will they lend?" and not, "will they lend it?"
- 8. Repayment plans: You will have to make some assumptions about the terms of the loan in your proposal. In the first package, you will propose the terms that you want, but ultimately this will be a point that will be negotiated with the bank. The bank will consider a number of factors as they assess the overall risk of the loan and this will impact the repayment terms they are willing to give you.



Learn more about "Loan Proposals" using SBA online resources:

Preparing and Presenting a Loan Proposal http://www.onlinewbc.gov/docs/finance/loanreq.html

HOW DO I QUALIFY FOR A LOAN?

http://www.onlinewbc.gov/docs/finance/loanqual.html

PLANNING FOR THE RIGHT KIND OF EXPANSION

http://www.sba.gov/gopher/Business-Development/Success-Series/Vol10/expansio.txt

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BREAKFAQS with SBA

This section provides answers to commonly asked questions related to loan proposals.

Q: What is the CAPLines Working Capital Loan Program?

A: CAPLines is the U.S. Small Business Administration's umbrella lending program that helps small businesses meet their short-term and cyclical working-capital needs. CAPLines can be used to:

- Finance seasonal working-capital needs:
- Finance the direct costs of performing construction, service and supply contracts;
- Finance the direct cost associated with commercial and residential construction without a firm commitment for purchase; and
- Finance operating capital by obtaining advances against existing inventory and accounts receivable.

Q: Where can I find out more information on CAPLines?

A: The Facts About CAPLines is available on SBA's Website at http://www.sba.gov/opc/pubs/fs64.html or contact the SBA Indiana District Office.



Send questions on the upcoming topics to Attn: BREAK

E-mail: indiana@sba.gov

Mail: U.S. Small Business Administration 429 N. Pennsylvania Street, Suite 100 Indianapolis, Indiana 46204-1873

Fax: (317) 226-7259 TTD: (317) 226-5338

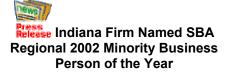
SBA Headline News



SMALL BUSINESS WEEK 2002 STATE WINNER

Peter Knoerzer

Paul & Kate Knoerzer / Harvey Reed OK Champion Corporation 4714 Sheffield Avenue/PO Box 585 Hammond, Indiana 46325 Type of business: Machinery



The U.S. Small Business Administration (SBA) has announced David C. Woods, president of the Indianapolis-based Bertram Electric Company, has been named the Regional Minority Small Business Person of the Year for 2002. Woods was also honored as the Indiana Minority Small Business Person of the Year for 2002.

Details available in the SBA Indiana District Office online newsroom at http://www.sba.gov/in/.

REMARKABLE WOMAN ATTAINS BUSINESS SUCCESS

By Kathy Hiller Ivy Tech State College

Is it possible for a person who is legally blind to own a hair salon? Former Ivy Tech student Renee Wright believes so. She's blind and owns a brand new Fantastic Sams at 71st and Georgetown in Indianapolis.

Details available in the SBA Indiana District Office online newsroom at http://www.sba.gov/in/.

Press SBA LAUNCHES NEW SPANISH-LANGUAGE WEB SITE FOR SMALL BUSINESSES

Details available from the SBA Press Office located online at http://www.sba.gov/news/indexheadlin e.html

When, What, Where?

Visit the Indiana District Office calendar at http://www.sba.gov/in/ for information on upcoming events, seminars and workshops.

Upcoming Topics

Location, Location Signage Profiling Buyers

Take a BREAK and visit us online! http://www.sba.gov/in/

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BREAK with SBA Counseling & Training Resources

SCORE

A nonprofit association dedicated to encouraging the formation, growth, and success of small businesses nationwide through counseling and mentor programs.

(217) (42 02(4

Indiana locations:

Anderson	(317) 642-0264
Bloomington	(812) 339-8937
Columbus	(812) 379-4457
Elkhart	(574) 293-1531
Evansville	(812) 421-5879
Fort Wayne	(260) 422-2601
Gary	(219) 882-3918
Indianapolis	(317) 226-7264
Kokomo	(765) 457-5301
Logansport	(574) 753-6388
Marion	(317) 664-5107
New Albany	(812) 944-9678
South Bend	(574) 282-4350
Terre Haute	(812) 231-6763
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Small Business Development Centers

The SBA, in conjunction with state government and local partners, administers the Small Business Development Center Program to provide management assistance to current and prospective small business owners.

Indiana locations:

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Bloomington	(812) 339-8937
Columbus	(812) 372-6480
Evansville	(812) 425-7232
Fort Wayne	(260) 426-0040
Kokomo	(765) 457-7922
Lafayette	(765) 742-2394
Madison	(812) 265-3127
Muncie	(765) 284-8144
New Albany	(812) 945-0266
Portage	(219) 762-1696
Richmond	(765) 962-2887
South Bend	(574) 282-4350
Terre Haute	(812) 237-7676

Women's Business Center

Each women's business center provides assistance and/or training in finance, management, marketing, procurement and the Internet, as well as, addressing specialized topics such as home-based businesses, corporate executive downsizing and welfare-to-work.

Indiana location:

Fort Wayne (260) 424-7977